



Benefits, such as education allowances, are still on the up in the UAE but the rate of increase has slowed. Silvia Razgova / The National

Employee benefits in UAE are still rising, but only slowly

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Companies in the UAE and Saudi Arabia are increasing their spending on employee allowances and benefits at one of the slowest rates in recent years, because of the current macroeconomic environment.

According to a report by Aon Hewitt, the human resources and consulting company, allowances and benefits this year increased by 5 per cent year on year, slower than in previous years.

This increase represents about a third of that seen in previous years across areas such as housing, transport and education allowances.

In the UAE, education allowances increased by 5 per cent and ranged from Dh25,000 per child for junior executives to Dh58,000 for senior managers.

Housing allowances rose by an average of 4 per cent. These ranged between Dh43,000 and Dh225,000 in the UAE.

The report said that companies are still keen on attracting and retaining talent from around the world. But they are also spending conservatively.

Aon Hewitt said that "the 2016 increase in allowances is in part explained by a few organisations doing a market correction rather than an overall increase across the board".

Trefor Murphy, the chief executive of Cooper Fitch, a recruitment consultancy in Dubai, said that it is hard to say if all companies in the UAE are reducing their employee benefits.

He said companies that are not increasing their allowances are mostly in the oil and gas and finance sectors.

But there are other areas of the economy that are doing well despite the decline in oil prices, such as health care, fast moving consumer goods and IT.

"In Saudi Arabia, there are organisations that are booming and attracting talent from all over the world. Consultancy firms such as management consultants and tax specialists are growing exponentially," Mr Murphy said.

Looking ahead, Mr Murphy said there will be significant growth in the next two to three years triggered by Expo 2020 in Dubai.

"We see 2016 as a flat year overall in terms of job creation, 2015 was a minus year as well, but [from] 2017 demand will pick up all the way to 2020."

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